
Concepts and Methodology of BED data

The Business Employment Dynamics data measure the net change in employment at the establishment level. These changes come about in one of four ways.

A *net increase* in employment can come from either opening establishments or expanding establishments.

A *net decrease* in employment can come from either closing establishments or contracting establishments.

Gross *job gains* include the sum of all jobs added at either opening or expanding establishments.

Gross *job losses* include the sum of all jobs lost in either closing or contracting establishments.

The *net change* in employment is the difference between gross job gains and gross job losses.

The formal definitions of establishment-level employment changes are as follows:

Openings These are either establishments with positive third month employment for the first time in the current quarter, with no links to the prior quarter, or with positive third month employment in the current quarter following zero employment in the previous quarter.

Expansions These are establishments with positive employment in the third month in both the previous and current quarters, with a net increase in employment over this period.

Closings These are either establishments with positive third month employment in the previous quarter, with no employment or zero employment reported in the current quarter.

Contractions These are establishments with positive employment in the third month in both the previous and current quarters, with a net decrease in employment over this period.

All establishment-level employment changes are measured from the third month of each quarter. Not all establishments change their employment levels; these establishments count towards estimates of total employment, but not for levels of gross job gains and gross job losses.

Gross job gains and gross job losses are expressed as rates by dividing their levels by the average of employment in the current and previous quarters. This provides a symmetric growth rate. The rates are calculated for the components of gross job gains and gross job losses and then summed to form their respective totals. These rates can be added and subtracted just as their levels can. For instance, the difference between the gross job gains rate and the gross job losses rate is the net growth rate.

The linkage process matches establishments' unique Idaho Department of Labor identification numbers. Between 95 to 97 percent of establishments identified as continuous from quarter to quarter are matched by -ID. The rest are linked in one of three ways.

The first method uses predecessor and successor information, identified by the states, which relates records with different Idaho Department of Labor -IDs across quarters. Predecessor and

successor relations can come about for a variety of reasons, including a change in ownership, a firm restructuring, or a UI account restructuring.

If a match cannot be attained in this manner, a probability-based match is used. This match attempts to identify two establishments with different Idaho Department of Labor -IDs as continuous. The match is based upon comparisons such as the same name, address, and phone number. Third, an analyst examines unmatched records individually and makes a possible match.

In order to ensure the highest possible quality of data, the Idaho Department of Labor verifies with employers and updates, if necessary, the industry, location, and ownership classification of all establishments on a 3-year cycle.

Changes in establishment classification codes resulting from the verification process are introduced with the data reported for the first quarter of the year. Changes resulting from improved employer reporting also are introduced in the first quarter.